Supreme Court, U.S.
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No. _____

In The

Supreme Court of the United States

WILLIAM S. PURDY,

Petitioner,

v.

BURLINGTON NORTHERN SANTA FE CORP., A Delaware Corporation, and BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY, A Delaware Corporation,

Respondents.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Fifth Circuit

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

This case raises the following question of first impression for this Court as to which there is not uniformity among the circuits:

> **The inferior courts are in disagreement on the issue, were the 1988 amendments to the Lanham Act intended to deny non-profit, non-commercial or public service entities from obtaining protectable service mark rights?**

LIST OF PARTIES

Petitioner:

William S. Purdy

Respondents:

Burlington Northern Santa Fe Corp.

Burlington Northern and Santa Fe Railway Company

Other Party:

BNSF Corporation

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PETITION FOR WRIT OF CERTIORARI

Petitioner William S. Purdy respectfully prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Fifth Circuit in this case.

OPINIONS AND ORDER BELOW

The December 7, 1998 opinion of the United States District Court for the Northern District of Texas, Fort Worth Division, granting respondents partial summary judgment, declaring petitioners' service mark "BNSF" (U.S. TM. Reg. No. 2,047,970) void *ab initio*, and ordering that the service mark be canceled is unreported. The opinion is reproduced in the Appendix (hereafter cited as "App."), App. 5-10. The December 7, 1999 opinion of the United States Court of Appeals for the Fifth Circuit affirming the district court's rulings is unreported and is produced at App. 1-4.[1] The January 18, 2000 order of the Court of Appeals denying rehearing is unreported and is reproduced at App. 11-12.

JURISDICTION

The Court of Appeals' opinion affirming summary judgment and cancellation of petitioners' service mark

[1] Unpublished opinions on important trademark law issues are, however, often published in the United States Patent Quarterly (USPQ).

was entered on December 7, 1999. The Court of Appeals' order denying the petition for rehearing was entered on January 18, 2000. This Court's jurisdiction is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISION INVOLVED

15 U.S.C. § 1127 of the Lanham Act is reproduced in the Appendix. (App. 13-24).

STATEMENT OF THE CASE

The Fifth Circuit holds that an applicant cannot obtain or maintain federal service mark registrations unless the applicant demonstrates that it provided its services for a "commercial" purpose. This is not the law. Respectfully, the court's ruling misinterprets the effect of 1988 amendments to the Lanham Act, 15 U.S.C. §§ 1051 *et seq.*, in a manner that threatens the long-held service mark registration rights of every non-commercial entity. Accordingly, review is appropriate under Rule 10(a) of the Supreme Court Rules on this ground alone. Alternatively, the Fifth Circuit's ruling is directly in conflict with long-standing precedents, as well as with a 1997 decision of the Second Circuit Court of Appeals, another basis for review under Rule 10(a).

Plaintiffs Burlington Northern Santa Fe and Burlington Northern Santa Fe Railway ("Burlington") invoked the district court's jurisdiction under 28 U.S.C. §§ 1331, 1338 and the Lanham Act, 15 U.S.C. §§ 1119,

1121, and under 28 U.S.C. § 1332, diversity jurisdiction. In its Second Amended Complaint Burlington alleged, among other claims, that Defendant Purdy's ("Purdy") service mark registration awarded by the Patent and Trademark Office for his service mark "BNSF" should be canceled because Purdy's pre-registration use of the mark constituted mere "token use."

Petitioner Purdy has, continuously since 1993, used the "BNSF" service mark to promote his railroad safety advocacy services, services identified in his service mark registration. (App. 2-3). Purdy was the first user of the "BNSF" mark, and used the mark in interstate commerce to promote the cause of enhancing railroad safety on business cards, flyers, and other devices marked with "BNSF" to publicize and advertise his services. (App. 3). For several years, Purdy conducted information-gathering and -dissemination regarding railroad safety matters. *Id.* Purdy's use of the BNSF mark has been that of advocacy, and "consciousness-raising in the public, apparently on behalf of a worthy cause," as the appellate court concluded. (App. at 3-4).

The appellate court's findings are consistent with the services identified by Purdy in the service mark granted to him by the Federal Patent and Trademark Office. The exact services identified in Purdy's service mark registration are: "testing of railroad safety equipment for others; collecting and providing information concerning railroad safety problems to the public, to governmental agencies and injured railroad employees." (U.S. TM. Reg. No. 2,047,970).

Following discovery, Burlington Northern filed a motion for summary judgment in the district court to cancel Purdy's "BNSF" service mark. The district court granted Burlington Northern's motion for summary judgment, despite Purdy's undisputed pre-registration use of the mark. Burlington argued and the district court agreed that under the 1988 amendments to the Lanham Act, Purdy was required to demonstrate "commercial" use of the "BNSF" service mark. (App. 8-9).[2]

Purdy filed a timely appeal of the district court's judgment. On appeal, Purdy argued that his service mark had been used in commerce continuously from 1993 to the present, that his use was not mere "token use," and that a limited profit motive did not, and should not, disqualify him from establishing a valid service mark. (App. 2). The Fifth Circuit Court of Appeals affirmed the district court's interpretations of the 1988 amendments to the Lanham Act. *Id.* The appellate court ruled that Purdy was required to demonstrate that the advocacy services were performed in connection with a for-profit commercial enterprise. (App. 3-4).

Purdy filed a timely petition for rehearing. In his petition, Purdy argued that the Fifth Circuit's ruling was contrary to other reported federal court of appeals' decisions which permitted federal service mark registrations on behalf of non-commercial, non-profit or limited profit motive corporations or entities. Purdy identified 17 service marks obtained by charitable and advocacy groups.

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[2] All other causes of action in Burlington Northern's Second Amended Complaint, and all of Mr. Purdy's counterclaims, were settled by the parties.

Purdy also contended that the court's ruling was contrary to the provisions of the Lanham Act, which he argued does not contain a commercial activity requirement. The Fifth Circuit denied the petition for rehearing without comment. (App. 11-12).

REASONS FOR GRANTING THE WRIT

THIS CASE RAISES IMPORTANT LANHAM ACT ISSUES AFFECTING LITERALLY EVERY NON-PROFIT OR PUBLIC INTEREST ADVOCACY GROUP'S SERVICE MARK REGISTRATION; THESE ISSUES HAVE BEEN SUBJECT TO CONFLICTING INTERPRETATIONS BY THE COURTS OF APPEAL

The Fifth Circuit held that to maintain his service mark registration, Purdy must demonstrate "commercial" use of the service mark. (App. 3-4). The court states that its ruling is "reinforced" by a recent ruling of the Sixth Circuit, *Allard Enterprises, Inc. v. Advance Programming Resources, Inc.*, 146 F.3d 350 (6th Cir. 1998). The Fifth Circuit misinterprets the effects of the 1988 amendment to the Lanham Act. Petitioner respectfully submits a writ should issue to resolve this important issue.

The Fifth Circuit's ruling is also directly in conflict with numerous, long-standing precedents as well as with a recent decision of the Second Circuit Court of Appeals. *United We Stand America, Inc. v. United We Stand, America New York, Inc.*, 128 F.3d 86 (2d Cir. 1997), *cert. denied*, 523 U.S. 1076 (1998). There, the Second Circuit ruled that the Lanham Act provision at issue, 15 U.S.C. § 1127, does not contain a "commercial activity" requirement. Petitioner

respectfully submits that a writ should issue to resolve this conflict on these important issues.

A. Important Service Mark Registration Rights and Lanham Act Interpretation Issues Are Presented.

If permitted to stand, the Fifth Circuit's commercial activity requirement could be used to invalidate or deny approval to every service mark sought by, or already issued to, non-profit corporations, public service organizations, or advocacy service entities. Under this ruling, no entity could obtain a service mark registration unless it had a "commercial" purpose.

Numerous non-commercial entities have obtained service marks. Courts and the commentators concur that these rights are just as important to these non-commercial entities as such rights are to commercial entities. The term "services" under the Lanham Act has been broadly interpreted, and service mark protection is "as available" to public service and advocacy entities as it is to merchants and manufacturers. *United We Stand*, 128 F.3d at 89 (citation omitted). "In support of this view, McCarthy comments that 'retention of a distinct identity [by a non-profit organization that sells no goods] is just as important as it is to a commercial entity.' " *Id.*, quoting, 1 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 9:5 (4th ed. 1996).

Indeed, the Lanham Act has been interpreted to provide service mark protection to numerous non-profit corporations, public service organizations and advocacy

service companies providing a wide variety of non-commercial public and civic benefits, like Purdy in the case at bar. *See United We Stand*, 128 F.3d at 89-90, *citing, Kappa Sigma Fraternity v. Kappa Sigma Gamma Fraternity*, 654 F.Supp. 1095, 1101 (D.N.H. 1987); *American Diabetes Ass'n. Inc. v. Nat'l Diabetes Ass'n*, 533 F.Supp. 16, 20 (E.D. Pa. 1981); *United States Jaycees v. Philadelphia Jaycees*, 490 F.Supp. 688, 691 (E.D. Pa. 1980); *United States Jaycees v. San Francisco Junior Chamber of Commerce*, 354 F.Supp. 61, 64-65 (N.D. Cal. 1972), *aff'd*, 513 F.2d 1226 (9th Cir. 1975); *Brach Van Houten Holding, Inc. v. Save Brach's Coalition for Chicago*, 856 F.Supp. 472, 475-76 (N.D. Ill. 1994); *Committee for Idaho's High Desert v. Yost*, 881 F.Supp. 1457, 1470-71 (D. Idaho 1995), *aff'd*, 92 F.3d 814 (9th Cir. 1996); *see also*, McCarthy, § 9:5, and numerous cases there cited; *Blinded Veterans Association v. Blinded American Veterans Foundation*, 872 F.2d 1035 (D.C. Cir. 1989); Purdy's Petition for Rehearing at pp. 10-14 (listing 17 such organizations, including public awareness advocacy companies like Purdy's, which have obtained service mark registrations from the Patent and Trademark Office).[3]

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[3] These marks are: MAKE-A-WISH – Reg. No. 1,570,208; HELP PROMOTE WRECKLESS DRIVING – Reg. No. 2,284,979; DIAL – THE CATHOLIC FAITH – Reg. No. 1,414,567; CHRISTIAN FREEDOM INTERNATIONAL – Reg. No. 2 272,353; FARMERS INSURANCE GROUP SAFETY FOUNDATION – Reg. No. 1,910,587; WILD PIG FOUNDATION – Reg. No. 2,260,070 (conservation and animal preservation services); TROPICAL FOREST FOUNDATION – Reg. No. 2,214,236; NATIONAL HEALTH FOUNDATION – Reg. No. 2,233,460; D.A.R.E. – Reg. No. 1,936,476; MOTORCYCLE SAFETY FOUNDATION – Application Serial No. 75-297332; MADD – Reg. No. 1,250,706; INTERNATIONAL LIFE

This case therefore presents a significant issue of statutory interpretation of the Lanham Act, an increasingly significant provision of the federal law. The Fifth Circuit affirmed the district court's interpretation of the 1988 amendments to the Lanham Act, and held that the amendments to § 1127 added a requirement that use of a service mark must be a "commercial" use. (App. at 3-4, 8-9). To the contrary, the amendments did not change the definition of "commerce" or "in commerce." As the Second Circuit observed, the definitions of "commerce" and "in commerce" have remained unchanged since the Lanham Act's adoption in 1946. *United We Stand,* 128 F.3d at 92-93.

The amendments instead changed the definition of "use" to require more than "token use" to obtain a service mark registration, and not the definitions of "commerce" or "use in commerce." As one commentator described the TLRA revisions, "Congress changed the statutory definition of 'use' to require a greater degree of activity." *Id.* § 16:8. Purdy undisputedly used his "BNSF" service mark continuously over a number of years to perform his advocacy services, which are a large part of the services identified in his service mark registration, and therefore his service mark registration should not have been canceled.

SCIENCES INSTITUTE NEWS – Reg. No. 2,214,380; KNOCK OUT DRUGS – Reg. No. 1,437,533; CANCER SURVIVORS ARE N LOVE WITH LIFE – Reg. No. 2,224,542; HIGH/SCOPE – Reg. No. 2,274,332 (educational services, namely, conducting workshops and seminars in the field of early childhood and adolescent education); AMNESTY INTERNATIONAL, U.S.A. – Reg. No. 1,586,227; UNITED WAY OF AMERICA – Reg. No. 1,004,389.

The Fifth Circuit's misinterpretation therefore threatens to eviscerate the rights of non-commercial entities to obtain or retain their service mark registrations. For example, non-commercial organizations like the Red Cross of America would not be allowed to retain its federally-registered "red cross" symbol, or prohibit others from adopting and using the symbol under the Fifth Circuit's ruling.

Regardless of the Fifth Circuit's ruling here, the issues presented in this case therefore are undeniably important ones. The issues concern whether non-commercial entities may obtain or retain significant service mark rights, and the proper interpretation of the 1988 amendments to the Lanham Act. Until this Court addresses these issues, the lower courts will continue on the paths identified herein. Petitioner respectfully submits that a writ should issue to resolve these important issues.

B. This Court Should Resolve The Conflict In The Circuit Courts of Appeals As To Whether Non-commercial Or Limited Commercial Advocacy Services Similar To Purdy's In This Case Qualify For Registration As Service Marks Under 15 U.S.C. § 1127.

The district court held that the 1988 amendments to § 1127 added a requirement that a service mark registration holder must demonstrate that he or she used the service mark for "commercial" purposes. (App. 8-9). Although the Fifth Circuit found that Purdy had provided advocacy services continuously for a number of years, the Fifth Circuit concurred with and affirmed the

district court's holding that Purdy was required to prove "commercial" use of his service mark in a "business venture." (App. 3-4).[4]

The Fifth Circuit's ruling conflicts with the numerous cases cited in Section A, *supra*. For example, in 1997, the Second Circuit issued an opinion with a contrary result. Specifically, the Second Circuit held that § 1127 does not require "commercial" activity. *United We Stand America, supra*. The defendant, a political advocacy organization, argued that it could not infringe plaintiff's service mark because defendant did not provide its advocacy services "in commerce," contending that the "in commerce" provisions of the Lanham Act must be limited to profit-seeking or commercial ventures. The Second Circuit expressly rejected this interpretation of the statute. *Id.*, 128 F.3d at 92-93.

The Second Circuit reviewed the text and the legislative history of the "in commerce" provisions of the Lanham Act, and concluded:

> The history and text of the Lanham Act show that "use in commerce" reflects Congress's intent to legislate to the limits of its authority under the Commerce Clause, rather than to limit the Lanham Act to profit-seeking uses of a trademark.

Id. at 92.

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[4] The Fifth Circuit concluded that its decision was "reinforced" by a recent reported decision of the Sixth Circuit Court of Appeals, *Allard Enterprises, supra*. (App. 3-4).

As to the text of the act, the Second Circuit found that the relevant text of § 1127 had remained "unchanged since 1946" when the Lanham Act was first enacted. *Id.* Section 1127 provides in relevant part that "the intent of this chapter is to regulate commerce within the control of Congress. . . . ", and that " 'commerce' means all commerce which may lawfully be regulated by Congress." *Id.* (*see also*, § 1127 at App. 13, 18).

As to the legislative history of § 1127, the Second Circuit cited the Senate Commission of Patents' report that accompanied the enactment of the Lanham Act. The Second Circuit concluded that the legislative history evinced an intent to regulate "in commerce over which Congress has plenary power. . . . " *Id., citing* S.Rep.No. 79-1333 (1946), reprinted in 1946 U.S.C.C.A.N. 1274, 1277.

The Second Circuit concluded that § 1127 does not contain any commercial activity requirement. *Id.* at 92-93 (citation omitted). "It appears that 'use in commerce' denotes Congress's authority under the Commerce Clause, rather than an intent to limit the (Lanham) Act's application to profit-making activity." *Id.* at 92-93; *see also*, McCarthy, § 19:123 ("use in commerce" should be read as "use *affecting* commerce.") (emphasis in original).

The Fifth Circuit's ruling, which imposed a "commercial activity" requirement on Purdy, directly conflicts with the holding in *United We Stand* from the Second Circuit. The Fifth Circuit's ruling also conflicts with the holdings of the long-standing precedents cited in Section A, *supra*. Accordingly, Petitioner respectfully submits that

a writ should issue to resolve the conflict on this important issue.

CONCLUSION

For the foregoing reasons, certiorari should be granted.

Respectfully submitted,

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App. 1

UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

No. 98-11485
Civil Docket #98-CV-70

BURLINGTON NORTHERN SANTA FE CORP., A Delaware Corporation

BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY, A Delaware Corporation,

Plaintiffs-Appellees,

versus

WILLIAM S. PURDY, ET AL,

Defendants,

WILLIAM S. PURDY, An Individual,

Defendant-Appellant.

Appeal from the United States District Court
for the Northern District of Texas

(Filed Dec. 07, 1999)

Before JONES and DENNIS, Circuit Judges, and PRADO*, District Judge.

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* District Judge of the Western District of Texas, sitting by designation.

EDITH H. JONES, Circuit Judge:**

William S. Purdy challenges the district court's grant of summary judgment, which declared that his registration of the service mark "BNSF" with the United States Patent and Trademark Office is void ab initio and must be cancelled. Purdy argues that his service mark has been used in commerce continuously from 1993 to the present, that it is not mere "token use," and that his limited profit motive does not disqualify him or his company from establishing a valid service mark. Finding no error in the district court's contrary conclusion, we affirm.

We have reviewed the district court's opinion and the record evidence *de novo*. The district court correctly stated the applicable law and focused on the twin requirements of "use in commerce" to support a valid service mark registration: that the mark has been used in the promotion of services, and that the services identified by the mark *have been rendered* in interstate commerce. 15 U.S.C. § 1127 (emphasis added). As the court noted and legislative history demonstrates, mere token use is insufficient to justify federal registration. The court accepted all of Purdy's allegations as true and still found that "Purdy did not make a *bona fide* use of the mark BNSF in the ordinary course of trade before the mark was registered to him."

**Pursuant to 5TH CIR. R. 47.5, the Court has determined that this opinion should not be published and is not precedent except under the limited circumstances set forth in 5TH CIR. R. 47.5.4.

Having reviewed the summary judgment record, we must agree with the district court's application of the facts to the law. It is uncontested that Purdy has used the designation "BNSF" to promote the cause of enhancing railroad safety and that he has used business cards, flyers, markings on his car, and other devices emblazoned with "BNSF" for publicity and advertising purposes. Nevertheless, he has not fulfilled the second part of the test – the actual rendition of services in interstate commerce – except by sporadic and insubstantial transactions. The record identifies only a handful of instances in which Purdy was paid anything for his "services," and all of these incidents involved work performed for long-time friends. Nominal or token sales to personal friends do not constitute a *bona fide* commercial use of a trademark. J. McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 16:7 (4th ed. 1997) (citing cases). For several years, Purdy has conducted information-gathering and -dissemination regarding railroad safety matters, but the record is bereft of evidence that he was engaged in trade or commerce using the "BNSF" mark. Instead, Purdy's profession has been that of advocacy, apparently on behalf of a worthy cause. While we do not belittle Purdy's activities, they do not demonstrate use of the service mark in furtherance of a business intended to provide services for reimbursement.

A recent circuit court decision reinforces our conclusion. *Allard Enterprises, Inc. v. Advance Programming Resources, Inc.*, 146 F.3d 350 (6th Cir. 1998). In *Allard*, the defendant's use of advertising materials was similar to that of Mr. Purdy, but the defendant had actually sold his

employment services to third parties, and the entire purpose of the advertising was to promote the venture for profit. Purdy's advertising has been devoted to consciousness-raising in the public rather than to the promotion of a business venture. He rendered services for reimbursement in connection with the advertising in only a *de minimi* fashion. He used a mark, but not in trade.

For these reasons, the judgment of the district is approved and *AFFIRMED*.

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

BURLINGTON NORTHERN SANTA FE CORPORATION, ET AL.,	§	**NO. 4:99-CV-070-A**
Plaintiffs,	§	**RECEIVED DEC. 09, 1998**
vs.	§	
WILLIAM S. PURDY, ET AL.,	§	
Defendants.	§	

MEMORANDUM OPINION
and
ORDER

(Filed Dec. 7, 1998)

Having considered the motion of plaintiffs, Burlington Northern Santa Fe Corporation and The Burlington Northern and Santa Fe Railway Company, for partial summary judgment against defendants, William S. Purdy ("Purdy") and BNSF Corporation, defendants' response thereto, plaintiffs' reply, the pleadings, the summary judgment evidence, and applicable authorities, finds plaintiffs' motion should be granted.

Broadly defined, one of the issues in this case is whether Purdy's federal registration of the mark "BNSF" is valid. Plaintiffs have pleaded several grounds of invalidity, but have limited their motion for partial summary judgment to their contention that the mark is void *ab initio* because Purdy had made no "use in commerce" of the mark prior to filing his registration application.

The Lanham Act provides that a trademark must be "in use in commerce" in order to be registered. 15 U.S.C. § 1051(a)(1)(A). Section 3 of the Lanham Act states "service marks shall be registerable, in the same manner and with the same effect as trade-marks. . . . " 15 U.S.C. § 1053. Thus, a service mark must be "in use in commerce" before it can be validly registered. *Bright Beginnings, Inc. v. Care Comm., Inc.*, U.S.P.Q.2d 1712, 1714 (C.D. Cal. 1994). The term "use in commerce" is defined in the Lanham Act as follows:

> The term "use in commerce" means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this chapter, a mark shall be deemed to be in use in commerce –
>
> . . .
>
> (2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.

15 U.S.C. § 1127. There are two essential elements of "use in commerce":

> "[U]se in commerce" as applied to a service mark involved two essential elements. . . . "A service mark is deemed to be used in commerce when the mark is used in the sale or advertising of services and the services identified by the mark are rendered in commerce. . . . Thus, to qualify for registration, the mark in question, at

> the time the application is filed, must not only have been used in the advertising of services, but the services identified by the mark must have been rendered in commerce lawfully regulated by Congress.

In re Sanger Telecasters, Inc., 1 U.S.P.Q.2d 1589, 1590 (T.T.A.B. 1986) (quoting *ERA Corp. v. Electronic Realty Assocs., Inc.*, 211 U.S.P.Q. 734, 746 (T.T.A.B. 1981)).

The court decisions seem to be uniform in holding that for there to be "use in commerce" to support a valid registration of a service mark, there must be proof, first, that the mark has been used in the promotion of services, and, second, that the services identified by the mark have been rendered in interstate commerce. *See In re Kronholm*, 230 U.S.P.Q. 136, 137 (T.T.A.B. 1986); *In re Cedar Point, Inc.*, 220 U.S.P.Q. 533, 535 (T.T.A.B. 1983); *The Greyhound Corp. v. Armour Life Ins. Co.*, 214 U.S.P.Q. 473, 474 (T.T.A.B., 1982); *Intermed Comms., Inc. v. Chaney*, 197 U.S.P.Q. 501, 507-08 (T.T.A.B. 1977). A service mark is not validly registered unless it has been "used in commerce" in connection with the services the applicant describes in his registration application.

The mere adoption of a mark does not entitle the adopter to have the mark registered. *See In re Nationwide Mutual Ins. Co.*, 124 U.S.P.Q. 465 (T.T.A.B. 1960). Historically, firms, corporations, and individuals have always been required to use trademarks in commerce in order to gain rights in such marks. In so requiring, the law prevents entrepreneurs from reserving brand names in order to make their rivals' marketing more costly. Public sales and use puts others on notice that a mark is currently in use, and developing a similar mark would be a waste of

time and money. *Zazu Designs v. L'Oreal, S.A.*, 979 F.2d 499, 503 (7th Cir. 1992) (citing *Blue Bell, Inc. v. Farah Manufacturing Co.*, 508 F.2d 1260, 1264-65 (5th Cir. 1975)). However, only "active use" puts consumers on notice that a mark is associated with a product or service, and notifies other firms and corporations that a mark is so associated. *Id.*

Prior to November 16, 1989, the Lanham Act deemed a mark "used in commerce" when it was "placed in any manner on the goods or their containers or their displays associated therewith or on the tags or labels affixed thereto and the goods are sold or transported in commerce." Under this standard, a single or "token" sale was bona fide use of a mark and was sufficient foundation upon which an applicant could file to register such a service mark. *See Fort Howard Paper Co. v. Kimberly-Clerk Corp.*, 390 F.2d 1015, 1016-17, 157 U.S.P.Q. 55 (C.C.P.A. 1968); *New West Corp. v. NYM Co. of California, Inc.*, 595 F.2d 1194, 1199, 202 U.S.P.Q. 643 (9th Cir. 1979). However, even under this lenient standard, there had to be actual trade in the goods sold under the mark, or at least an active or public attempt to establish such a trade, in order for a trademark to exist, *see Zazu Designs*, 979 F.2d at 503 (7th. Cir 1993) (applying the law as it existed prior to the 1988 amendments to the Lanham Act). In 1988, Congress amended the Lanham Act. In so doing, it expressly changed the meaning of the term "use in commerce." Under the new definition, "use in commerce" means "the bona fide use of a mark in the ordinary course of trade, and not merely to reserve a right in a mark." 15 U.S.C. § 1127.

Furthermore, the legislative history demonstrates that Congress wished to eliminate "token" use of a mark as a basis for registration, and instead apply a stricter standard that requires "commercial use of the type common to a particular industry in question." *See Paramount Pictures Corp. v. White*, 31 U.S.P.Q.2d 1768, 1774 (T.T.A.B. 1994) (discussing the legislative intent behind the 1988 amendments to the Lanham Act).

If the "use in commerce" requirement of the Lanham Act did not exist at the time the BNSF mark was registered to Purdy, the registration is void *ab initio*, and should be canceled. *See Bright Beginnings*, 30 U.S.P.Q.2d at 1714; *American Hygenic Laboratories, Inc. v. Tiffany & Co.*, 12 U.S.P.Q.2d 1979, 1984 (T.T.A.B. 1989).

The record is complete in the sense of demonstrating everything on which Purdy relies as constituting "use in commerce" when he applied for registration of the mark. The court has concluded that, even if all of the circumstances upon which Purdy relies were to be accepted as factually correct, there still would not be "use in commerce" within the meaning of the Lanham Act. The summary judgment record establishes without dispute that Purdy did not make a bona fide use of the mark BNSF in the ordinary course of trade before the mark was registered to him. Whatever use he made of the mark was token use that would not qualify for registration.

Thus, the court concludes that the registration to Purdy of the mark BNSP (U.S. TM. Reg. No. 2,047,970) is void *ab initio* and should be canceled. Therefore,

The court ORDERS that plaintiffs' motion for partial summary judgment be, and is hereby, granted; the court

further ORDERS and DECLARES that the registration of service mark "BNSF" (U.S. TM. Reg. No. 2,047,970) by the United States Patent and Trademark Office to Purdy is void *ab initio;* the court further ORDERS that the registration by the United States Patent and trademark Office to Purdy of the service mark "BNSF" (U.S. TM. Reg. No. 2,047,970) be, and is hereby, canceled.

The court determines that there is no just reason for delay in, and hereby directs, entry of final judgment as to the issues resolved by this memorandum opinion and order.

SIGNED December 7, 1998.

/s/ John McBryde
John McBryde
United States
District Judge

IN THE UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

No. 98-11485

BURLINGTON NORTHERN SANTA FE CORP, A Delaware Corp; BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY, A Delaware Corporation

Plaintiffs – Appellees

v.

WILLIAM S PURDY, ET AL

Defendants

WILLIAM S PURDY, An Individual

Defendant – Appellant

Appeal from the United States District Court
for the Northern District of Texas, Fort Worth

ON PETITION FOR REHEARING

(Filed Jan. 18, 2000)

Before JONES and DENNIS, Circuit Judges, and PRADO*, District Judge.

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* District Judge of the Western District of Texas, sitting by designation.

PER CURIAM:

IT IS ORDERED that the petition for rehearing filed in the above case is DENIED.

ENTERED FOR THE COURT:

/s/ Edith Jones
United States Circuit Judge

REHG-2

15 USC § 1127. Construction and definitions; intent of chapter

In the construction of this Act, unless the contrary is plainly apparent from the context –

The United States includes and embraces all territory which is under its jurisdiction and control.

The word "commerce" means all commerce which may lawfully be regulated by Congress.

The term "principal register" refers to the register provided for by sections 1 through 22 hereof [*15 USCS §§ 1051*-1072], and the term "supplemental register" refers to the register provided for by sections 23 through 28 thereof [*15 USCS §§ 1091*-1096].

The term "person" and any other word or term used to designate the applicant or other entitled to a benefit or privilege or rendered liable under the provisions of this Act includes a juristic person as well as a natural person. The term "juristic person" includes a firm, corporation, union, association, or other organization capable of suing and being sued in a court of law.

The term "person" also includes the United States, any agency or instrumentality thereof, or any individual, firm, or corporation acting for the United States and with the authorization and consent of the United States. The United States, any agency or instrumentality thereof, and any individual, firm, or corporation acting for the United States and with the authorization and consent of the United States, shall be subject to the provisions of this Act in the same manner and to the same extent as any nongovernmental entity.

The term "person" also includes any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this Act in the same manner and to the same extent as any nongovernmental entity.

The terms "applicant" and "registrant" embrace the legal representatives, predecessors, successors and assigns of such applicant or registrant.

The term "Director" means the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.

The term "related company" means any person whose use of a mark is controlled by the owner of the mark with respect to the nature and quality of the goods or services on or in connection with which the mark is used.

The terms "trade name" and "commercial name" mean any name used by a person to identify his or her business or vocation.

The term "trademark" includes any word, name, symbol, or device, or any combination thereof –

(1) used by a person, or

(2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this Act,

to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by

others and to indicate the source of the goods, even if that source is unknown.

The term "service mark" means any word, name, symbol, or device, or any combination thereof –

(1) used by a person, or

(2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this Act,

to identify and distinguish the services of one person, including a unique service, from the services of others and to indicate the source of the services, even if that source is unknown. Titles, character names, and other distinctive features of radio or television programs may be registered as service marks notwithstanding that they, or the programs, may advertise the goods of the sponsor.

The term "certification mark" means any word, name, symbol, or device, or any combination thereof –

(1) used by a person other than its owner, or

(2) which its owner has a bona fide intention to permit a person other than the owner to use in commerce and files an application to register on the principal register established by this Act,

to certify regional or other origin, material, mode of manufacture, quality, accuracy, or other characteristics of such person's goods or services or that the work or labor on the goods or services was performed by members of a union or other organization.

The term "collective mark" means a trademark or service mark –

(1) used by the members of a cooperative, an association, or other collective group or organization, or

(2) which such cooperative, association, or other collective group or organization has a bona fide intention to use in commerce and applies to register on the principal register established by this Act,

and includes marks indicating membership in a union, an association, or other organization.

The term "mark" includes any trademark, service mark, collective mark, or certification mark.

The term "use in commerce" means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this Act, a mark shall be deemed to be in use in commerce –

(1) on goods when –

(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and

(B) the goods are sold or transported in commerce, and

(2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.

A mark shall be deemed to be "abandoned" if either of the following occurs:

(1) When its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for 3 consecutive years shall be prima facie evidence of abandonment. "Use" of a mark means the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark.

(2) When any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark. Purchaser motivation shall not be a test for determining abandonment under this paragraph.

The term "dilution" means the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of –

(1) competition between the owner of the famous mark and other parties, or

(2) likelihood of confusion, mistake, or deception.

The term "colorable imitation" includes any mark which so resembles a registered mark as to be likely to cause confusion or mistake or to deceive.

The term "registered mark" means a mark registered in the United States Patent and Trademark Office under this Act or under the Act of March 3, 1881, or the Act of February 20, 1905, or the Act of March 19, 1920. The

phrase "marks registered in the Patent and Trademark Office" means registered marks.

The term "Act of March 3, 1881," "Act of February 20, 1905," or "Act of March 19, 1920," means the respective Act as amended.

A "counterfeit" is a spurious mark which is identical with, or substantially indistinguishable from, a registered mark.

The term "domain name" means any alphanumeric designation which is registered with or assigned by any domain name registrar, domain name registry, or other domain name registration authority as part of an electronic address on the Internet.

The term "Internet" has the meaning given that term in section 230(f)(1) of the Communications Act of 1934 *(47 U.S.C. 230*(f)(1)).

Words used in the singular include the plural and vice versa.

The intent of this Act is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; to protect registered marks used in such commerce from interference by State, or territorial legislation; to protect persons engaged in such commerce against unfair competition; to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and to provide rights and remedies stipulated by treaties and conventions

respecting trademarks, trade names, and unfair competition entered into between the United States and foreign nations.

Supreme Court, U.S.
FILED
MAY 18 2000
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(2)

No. 99-1681

In The

Supreme Court of the United States

WILLIAM S. PURDY,

Petitioner,

v.

BURLINGTON NORTHERN SANTA FE CORPORATION, A Delaware Corporation, and THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY, A Delaware Corporation,

Respondents.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Fifth Circuit

RESPONDENTS' BRIEF IN OPPOSITION

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4 pp

QUESTION PRESENTED

Petitioner seeks to have this Court decide:

> Whether the 1988 amendments to the Lanham Act prevent non-profit, non-commercial, or public service entities from obtaining federal registration for service marks?

LIST OF PARTIES

Petitioner William S. Purdy and Respondents Burlington Northern Santa Fe Corporation and The Burlington Northern and Santa Fe Railway Company were the only parties to the proceeding in the court of appeals below.

Respondent Burlington Northern Santa Fe Corporation has no parent corporation, and no publicly held company owns 10 percent or more of its stock.

Respondent The Burlington Northern and Santa Fe Railway Company is a wholly-owned subsidiary of Respondent Burlington Northern Santa Fe Corporation.

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RESPONDENTS' BRIEF IN OPPOSITION

Respondents Burlington Northern Santa Fe Corporation and The Burlington Northern and Santa Fe Railway Company respectfully request that this Court deny the petition for writ of certiorari because, as set forth below, the question petitioner seeks to present was neither presented to nor decided by the courts below and the decisions of the courts below do not conflict with the decisions of other courts.

OPINIONS BELOW

The December 7, 1998 opinion of the United States District Court for the Northern District of Texas is unreported and reprinted at Pet. App. 5-10. The December 7, 1999 opinion of the United States Court of Appeals for the Fifth Circuit is also unreported and is reprinted at Pet. App. 1-4.

STATUTORY PROVISIONS INVOLVED

Section 1 of the Lanham Act, 15 U.S.C. § 1051(a)(1)(A), is reprinted at App. 1-2.

Section 3 of the Lanham Act, 15 U.S.C. § 1053, is reprinted at App. 2.

Section 45 of the Lanham Act, 15 U.S.C. § 1127, is reprinted at Pet. App. 13-19.

STATEMENT OF THE CASE

Respondent Burlington Northern Santa Fe Corporation is the holding company for, and the owner of, the second largest railroad in North America, Respondent The Burlington Northern and Santa Fe Railway Company (Respondents are hereinafter referred to as the "Railroad"). The Railroad resulted from a business combination between Burlington Northern Inc. ("BN") and Santa Fe Pacific Corporation ("SF"), that was proposed in June 1994 and concluded in September 1995. The Railroad is widely known as and recognized by "BNSF," its service mark. The Railroad's predecessors used "BN" and "SF" as their service marks. Thus, "BNSF" was a natural and widely anticipated choice of mark for the Railroad. Well before the BNSF business combination was finalized, the press, members of the general public, and BN and SF used "BNSF" to refer to the combined companies. The Railroad has actively and consistently used its "BNSF" service mark since the merger was completed.

Petitioner Purdy is a former employee of one of the Railroad's predecessors. In 1989, Purdy was involved in an unfortunate accident in which he severed a fellow employee's legs. 3R 658-60, 689; 4R 788-89.[1] Purdy has suffered from a severe psychological disorder since this accident. The Railroad Retirement Board ("RRB") designated his wife as the administrator of his affairs after determining that his psychological disorder renders him permanently and totally disabled. Purdy has received

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[1] The citations herein refer to the record before the court of appeals.

RRB disability benefits attributable to the period from April 1990 to present. 2R 478-80; 3R 524-28; 4R 761.

Purdy has had a long and contentious history with the Railroad. At the time this action was pending, Purdy had sued the Railroad or one of its predecessors six times and had brought numerous other administrative charges or grievances against those parties. 3R 658-743, 745-49; 4R at 750-61, 788-802. He has established several Internet websites, which feature dripping blood and severed limbs, that he uses to mount scathing attacks on the Railroad. Purdy uses domain names which include the Railroad's "BNSF" mark, such as "www.bnsf.net", for some of his Internet websites and also operates out of his home a "BNSF Corporation," which has no employees, has never entered into a contract, does not have a bank account, and is not even listed in the telephone directory. 2R 415-21, 423-24, 447; 4R 811-69.

In June 1997, Purdy obtained federal registration for the service mark "BNSF" from the United States Patent and Trademark Office. He claims his "BNSF" stands for the strained expression "Bringing Now Safety First" and registered "BNSF" for use in connection with "[t]esting of railroad equipment for others, collecting and providing information concerning railroad safety problems to the public, to governmental agencies and injured railroad employees." 2R 354-58, 492-93; 3R 553-59.

In the district court, the Railroad filed a motion for summary judgment seeking cancellation of Purdy's "BNSF" registration on the ground that even if all Purdy's assertions regarding his alleged pre-registration "BNSF" use were accepted as true, his use would not

meet the "use in commerce" standard that is a prerequisite to obtaining a valid federal service mark registration. The Railroad pointed out that Purdy had testified that he was operating a for-profit business (2R 433) but could, at best, only show *de minimis* provision of services under the mark "BNSF".

In its unpublished opinion, the district court observed that under Sections 1 and 3 of the Lanham Act, 15 U.S.C. §§ 1051(a)(1)(A), 1053, a "service mark is not validly registered unless it has been 'used in commerce' in connection with the services the applicant describes in his registration application" and that in 1988, Congress amended the Lanham Act "to eliminate 'token' use of a mark as a basis for registration." Pet. App. 7-9. The district court recognized that Section 45 of the Lanham Act, 15 U.S.C. § 1127, now states " '[t]he term 'use in commerce' means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark' " and explains " 'a mark shall be deemed to be in use in commerce . . . on services when it is used or displayed in the sale or advertising of services and the services are rendered. . . . ' " Pet. App. 6 (quoting 15 U.S.C. § 1127). Hence, the district court noted, "[t]he court decisions seem to be uniform in holding that for there to be 'use in commerce' to support a valid registration of a service mark, there must be proof, first, that the mark has been used in the promotion of services, and, second, that the services identified by the mark have been rendered in interstate commerce." Pet. App. 7.

This statutory standard was applied to an extensive factual record. Although Purdy made many broad conclusory statements about his alleged pre-registration

"BNSF" use in his briefs, a detailed review of the evidence showed he, at best, rendered the first service identified in his registration application under the mark "BNSF" – some unexplained form of "testing" – on behalf of two close friends on three isolated occasions. 2R 275, 282, 288, 293-94; 4R 969, 970-71, 985, 995, 996A, 997-98; 5R 1016-18. Purdy submitted no evidence showing that he rendered the second service identified in his registration application under the mark "BNSF" – dissemination of railroad safety information – prior to filing his registration application. He instead only identified evidence suggesting that he advertised his "Bringing Now Safety First" organization and his "BNSF Corporation" by driving a dilapidated car with "BNSF" hand painted and/or shoe polished on its side, distributing "BNSF" business cards, and posting a one-page flyer with biographical information about himself, such as a description of his 1989 accident while employed at a predecessor of the Railroad. 5R 1007-09, 1022.

The district court ruled that such a factual showing did not meet the "use in commerce" standard under the Lanham Act. The court explained:

> The record is complete in the sense of demonstrating everything on which Purdy relies as constituting "use in commerce" when he applied for registration of the mark. The court has concluded that, even if all of the circumstances upon which Purdy relies were to be accepted as factually correct, there still would not be "use in commerce" within the meaning of the Lanham Act. The summary judgment record establishes without dispute that Purdy did not make a bona fide use of the mark BNSF in the

> ordinary course of trade before the mark was registered to him. Whatever use he made of the mark was token use that would not qualify for registration.

Pet. App. 9. The district court thus concluded that Purdy's "BNSF" federal registration is "void *ab initio* and should be canceled." Pet. App. 9.

The Fifth Circuit affirmed the district court's ruling in an opinion that is also unpublished. The appellate court noted that the district court had "correctly stated the applicable law and focused on the twin requirements of 'use in commerce' to support a valid service mark registration: that the mark has been used in the promotion of services, and that the services identified by the mark *have been rendered* in interstate commerce." Pet. App. 2. The Fifth Circuit concluded that Purdy's alleged "BNSF" use failed to meet the "use in commerce" standard for the same reason that the district court did. The court explained Purdy had "not fulfilled the second part of the test – the actual rendition of services in interstate commerce – except by sporadic and insubstantial transactions," all of which "involved work performed for longtime friends" and thus constituted merely "[n]ominal or token sales." Pet. App. 3.

REASONS FOR DENYING THE WRIT

1. The question Petitioner seeks to present was neither presented to nor decided by the district court or the court of appeals.

Purdy seeks to have this Court determine whether "the 1988 amendments to the Lanham Act [were] intended to deny non-profit, non-commercial or public service entities from obtaining protectable service mark rights?" Pet. i. This issue was never before the lower courts.

The district court did not state or suggest that the 1988 amendments to the Lanham Act precluded non-profit organizations from obtaining federal registration for their service marks. The district court instead merely noted that "token use" is no longer a sufficient basis for federal registration. The court explained that "[p]rior to November 16, 1989 . . . a single or 'token' sale was *bona fide* use of a mark and was sufficient foundation upon which an applicant could file to register such a service mark," but "the legislative history [for the 1988 amendments to the Lanham Act] demonstrates that Congress wished to eliminate 'token' use of a mark as a basis for registration, and instead apply a stricter standard that requires 'commercial use of the type common to a particular industry in question.' " Pet. App. 8-9 (emphasis added) (quoting *Paramount Pictures Corp. v. White*, 31 U.S.P.Q.2d 1768, 1774 (T.T.A.B. 1994)).

There is nothing in the district court's opinion to indicate that the court required Purdy to demonstrate he was operating a for-profit enterprise to meet this "commercial use" standard. The district court did not reference

Purdy's profit motive, or his lack thereof. No such discussion appears because, as the Railroad pointed out to the district court, Purdy testified that he was operating a for-profit business. 2R 433.

Similarly, the question Purdy seeks to have this Court address was never presented to the court of appeals. Purdy presented the following issue for review before the appellate court: "Did the district court err in canceling Mr. Purdy's service mark registration for 'BNSF,' where Purdy continuously and deliberately used his mark in commerce from three years prior to his application for service mark registration through the present, and such use was not mere 'token use' as ruled on a factual determination by the district court?" App. 4. Purdy maintained that the district court had erred in granting the Railroad's summary judgment motion because the court "incorrectly ruled on a fact determination." App. 5. After reciting the standards governing resolution of summary judgment motions, Purdy argued:

> Appellant respectfully submits that the district court violated all of these rules in granting summary judgment in favor of Burlington. The trial court ignored the factual assertions contained in all of more than a dozen affidavits and other evidence filed by Appellant, which demonstrate conclusively that BNSF Company used its service mark in interstate commerce continuously, openly, deliberately and notoriously from a period of three years prior to the filing of the service mark registration application through to the present. The trial court must, therefore, have necessarily determined, as a matter of fact, that these witnesses were not credible, weighed the evidence and found it wanting, and refused to

> draw legitimate inferences in favor of BNSF. This ruling is therefore directly contrary to the trial court's limited role in ruling on summary judgment motions established by the Supreme Court.

App. 7-8.

The court of appeals disagreed, explaining: (1) it had "reviewed the district court's opinion and the record evidence *de novo*"; (2) the district court had "accepted all of Purdy's allegations as true and still found that 'Purdy did not make a *bona fide* use of the mark BNSF in the ordinary course of trade before the mark was registered to him' "; and (3) it "agree[d] with the district court's application of the facts to the law." Pet. App. 2-3.

Purdy did not claim to be operating a non-profit enterprise before the court of appeals, just as he had not before the district court. Instead, in his appellate briefs, Purdy maintained he had received "income . . . through sales" of his "testing and safety services" and argued that he had "over the years, earned a substantial amount of money from the provision of the services. . . . " App. 4-5, 15. In addressing his contentions, the court of appeals thus explained that, contrary to his assertions, "[t]he record identifies only a handful of instances in which Purdy was paid anything for his 'services', and all of these incidents involved work performed for long-time friends," "Purdy's activities . . . do not demonstrate use of the service mark in furtherance of a business intended to provide services for reimbursement," and Purdy "rendered services for reimbursement . . . in only a *de minimi*

fashion." Pet. App. 3-4. These statements regarding payment and reimbursement respond to the specific assertions Purdy himself put before the court. They cannot reasonably be translated into a ruling that Purdy's federal service mark registration is invalid because he did not operate a for-profit enterprise.[2]

Similarly, the court of appeals' observation that "[f]or several years, Purdy has conducted information-gathering and -dissemination regarding railroad safety matters, but the record is bereft of evidence that he was engaged in trade or commerce using the 'BNSF' mark" (Pet. App. 3) cannot be read as a ruling that "Purdy was required to demonstrate that [his] advocacy services were performed in connection with a for-profit commercial enterprise," as Purdy maintains. Pet. 4. Instead, there the court was merely explaining that Purdy submitted no evidence showing that whatever advocacy services he provided were performed *"using the 'BNSF' mark."* Pet. App. 3 (emphasis added).

The court of appeals could not rule upon the impact of Purdy's profit motive, or lack thereof, because this was not a contested issue. In his opening brief, Purdy argued that his "lack of a strong profit motive does not preclude" him from obtaining "service mark protection." App. 8. As

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[2] The court of appeals also cited *Allard Enters., Inc. v. Advanced Programming Resources, Inc.*, 146 F.3d 350 (6th Cir. 1998) in response to Purdy's contentions. Purdy claimed *Allard* demonstrated his "BNSF" registration was valid since his pre-registration use was the same as the use found to establish common-law rights in *Allard*. App. 16-17. The court of appeals explained that Purdy's use was not the same as the use at issue in *Allard*, and thus, *Allard* "reinforces our conclusion" that the district court should be affirmed. Pet. App. 3-4.

Purdy recognized below, in its response, the Railroad explained that it did "not contend that Purdy's 'BNSF' registration was properly canceled . . . because he did not have a profit motive. . . . " App. 13, 15-16. Because there was no dispute between the parties regarding the viability of a federal service mark registration for a non-profit organization, the court could not possibly rule upon that point. Thus, if there was any language in the court of appeals' decision that could potentially be interpreted as addressing that issue, it would clearly be *dictum*. *See United States v. Crawley*, 837 F.2d 291, 292-93 (7th Cir. 1988) (defining *dictum* as language in an opinion where "the issue addressed . . . was not presented as an issue" and is "not refined by the fires of adversary presentation").

This Court should deny the petition for certiorari simply because the language Purdy seeks to have it review is *dictum* at most. Moreover, the language at issue appears in an unpublished opinion which is not precedent except under the limited circumstances set forth in 5TH CIR. R. 47.5.4.[3] There is clearly no reason why this Court should review unpublished *dictum*.[4]

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[3] 5TH CIR. R. 47.5.4 provides: "Unpublished opinions issued on or after January 6, 1996, are not precedent, except under the doctrine of res judicata, collateral estoppel or law of the case (or similarly to show double jeopardy, abuse of the writ, notice, sanctionable conduct, entitlement to attorney's fees or the like)."

[4] In the fifteen months since the district court decision and five months since the court of appeals' decision, neither has been cited by any tribunal for the point of law that Purdy says they established.

2. The decisions below do not conflict with the decisions of other courts.

Purdy has identified no case in which the court determined whether non-profit activities can be used to meet the 15 U.S.C. § 1127 "use in commerce" standard and create a valid basis for federal registration of a service mark. Thus, there is clearly no conflict for this Court to resolve. Purdy's contention that there is conflict is based on mischaracterization of the decisions he references.

Purdy repeatedly asserts that in *United We Stand America, Inc. v. United We Stand, America New York, Inc.*, 128 F.3d 86 (2d Cir. 1997), *cert. denied*, 523 U.S. 1076 (1998), "the Second Circuit ruled that the Lanham Act provision at issue, 15 U.S.C. § 1127, does not contain a 'commercial activity' requirement." Pet. 5; *see also* Pet. 10-11. This is false. In fact, in *United We Stand*, the court did not even address the 15 U.S.C. § 1127 "use in commerce" standard. Instead, the Second Circuit addressed a claim that the defendant's conduct constituted trademark infringement in violation of Section 32 of the Lanham Act, 15 U.S.C. § 1114(1)(a), which the court explained "bars unauthorized use of a mark 'in commerce . . . in connection with the sale, offering for sale, distribution, or advertising of any goods or services [if] . . . such use is likely to cause confusion . . . ' " *United We Stand*, 128 F.3d at 88-89 (quoting 15 U.S.C. § 1114(1)(a)).

In *United We Stand*, the defendants used the mark at issue in connection with political activities. *Id.* They maintained their conduct did not violate 15 U.S.C.

§ 1114(1)(a) because, *inter alia*, that statutory provision specifies "that the use prohibited must be 'in commerce.' " *Id.* at 89, 92. The Second Circuit rejected this defense, explaining "[t]he history and text of the Lanham Act show that 'use in commerce' reflects Congress's intent to legislate to the limits of its authority under the Commerce Clause, rather than to limit the Lanham Act to profit-seeking uses of a trademark." *Id.* at 92; *see also id.* at 92-93 ("It appears that 'use in commerce' denotes Congress's authority under the Commerce Clause rather than an intent to limit the Act's application to profit-making activity."). Thus, in *United We Stand*, the court addressed the meaning of the "in commerce" limitation in 15 U.S.C. § 1114(1)(a), not the "use in commerce" standard of 15 U.S.C. § 1127. In *United We Stand*, there is absolutely no reference to 15 U.S.C. § 1127, the provision that Purdy claims the courts below improperly construed.

15 U.S.C. § 1127 contains a specific and detailed definition of "use in commerce":

> The term 'use in commerce' means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this Act, a mark shall be deemed to be in use in commerce –
>
> . . . .
>
> on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.

15 U.S.C. § 1127. Pet. App. 16. The language in this provision is significantly different from the "in commerce" limitation in 15 U.S.C. § 1114(1)(a) and cannot be read as merely denoting "Congress's authority under the Commerce Clause. . . . " *United We Stand*, 128 F.3d at 92. Thus, the Second Circuit's ruling on the meaning of the term "in commerce" as used in 15 U.S.C. § 1114(1)(a) cannot be read as a decision on the meaning of the term "use in commerce" as used in 15 U.S.C. § 1127.

There is similarly no conflict between the decisions below and the other cases Purdy cites. None of the additional cases Purdy cites addresses the standard for federal registration of a service mark under 15 U.S.C. § 1127. In *Committee for Idaho's High Desert v. Yost*, 881 F. Supp. 1457 (D. Idaho 1995), *aff'd in part*, 92 F.3d 814 (9th Cir. 1996); *American Diabetes Ass'n, Inc. v. National Diabetes Ass'n*, 533 F. Supp. 16 (E.D. Pa. 1981), *aff'd*, 681 F.2d 804 (3d Cir. 1982); *United States Jaycees v. Philadelphia Jaycees*, 490 F. Supp. 688 (E.D. Pa. 1979), *vacated*, 639 F.2d 134 (3d Cir. 1981); and *United States Jaycees v. San Francisco Junior Chamber of Commerce*, 354 F. Supp. 61 (N.D. Cal. 1972), *aff'd*, 513 F.2d 1226 (9th Cir. 1975), the courts ruled on claims for trademark infringement and/or false designation of origin in violation of the Lanham Act brought by non-profit organizations without addressing the validity of any federal mark registration.[5] In *Brach Van Houten Holding, Inc. v. Save Brach's Coalition for Chicago*, 856

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[5] In fact, in two of these cases, the non-profit organization did not have a federal registration for its mark. *See Committee for Idaho's High Desert*, 881 F. Supp. at 1465; *American Diabetes Ass'n*, 533 F. Supp. at 19.

F. Supp. 472, 475-76 (N.D. Ill. 1994), the court rejected a non-profit organization's claim that it did not violate the Lanham Act because its use of the mark at issue did not meet the statutory definition of "services." In *Kappa Sigma Fraternity v. Kappa Sigma Gamma Fraternity*, 654 F. Supp. 1095, 1099, 1102 (D.N.H. 1987), *reconsidered in part by* 659 F. Supp. 117 (D.N.H. 1987), the court rejected the defendants' argument that their use of the mark at issue was not "in commerce" within the meaning of the Lanham Act because they had only used the mark on one college campus in New Hampshire. And, in *Blinded Veterans Ass'n v. Blinded American Veterans Foundation*, 872 F.2d 1035, 1036 (D.C. Cir. 1989), the court ruled that the non-profit plaintiff's name "is not a protectable trademark because the term 'blinded veterans' is generic." None of these cases makes any reference to 15 U.S.C. § 1127, the "use in commerce" standard it contains, or any aspect of the requirements for federal registration of a service mark. They cannot be read to conflict with the decisions below, even if the decisions below are interpreted in the manner Purdy suggests.[6]

Moreover, Purdy's claimed use of "BNSF" is vastly different from the use of the organizations involved in the cases he identifies. In each of the cases Purdy cites, the non-profit organization at issue had made extensive use of its mark for decades in providing substantial, costly

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[6] In *Allard*, 146 F.3d at 359-61, the Sixth Circuit ruled that the defendant had limited common-law rights to use a service mark because it had made some *bona fide* use before the plaintiff. *Allard* did not rule upon the validity of a federal service mark registration and thus also cannot be read to conflict with Purdy's suggested interpretation of the decisions below.

services to the public. *See United We Stand*, 128 F.3d at 90 (noting that defendants had "engaged in political organizing; established and equipped an office; solicited politicians to run on [their] slate; issued press releases intended to support particular candidates and causes; endorsed candidates; and distributed partisan political literature"); *Blinded Veterans Ass'n*, 872 F.2d at 1036-37 ("Blinded Veterans Association is a nonprofit organization founded in 1945 by a group of blinded World War II veterans" that "has approximately 6,500 members," "employs sixteen persons on its headquarters staff in Washington, D.C. and eight field representatives outside the nation's capital," and has an "annual operating budget [that] is just under $1.5 million"); *Committee for Idaho's High Desert*, 881 F. Supp. at 1463-66 ("As a result of Plaintiff's continuous and exclusive use of its name in conducting its business since 1980, Plaintiff has gained substantial notoriety, influence, and prominence. . . . "); *Brach Van Houten*, 856 F. Supp. at 475 (stating that defendant "is engaged in soliciting donations, preparing press releases, holding public meetings and press conferences, propounding proposals for the reorganization of Brach's ownership and/or management, and other activities designed to bring about change in the Brach's organization and enhance the stability of workers' jobs"); *Kappa Sigma Fraternity*, 654 F. Supp. at 1096-97 ("Plaintiff . . . is an unincorporated collegiate fraternal organization with an international membership of more than 132,000 persons," "has chapters on or in close proximity to the campuses of 198 colleges and universities in the United States and Canada," and "alumni chapters in many major cities in the United States."); *American Diabetes Ass'n*, 533

F. Supp. at 18 ("Plaintiffs, as the leading charitable organizations in the diabetes field, have been engaged in raising money to fund research, render services, and inform the public for forty years. . . . "); *United States Jaycees v. Philadelphia Jaycees*, 490 F. Supp. at 690-91 (noting that plaintiff organized as a civic group in 1920 and has continuously existed since then); *United States Jaycees v. San Francisco Junior Chamber of Commerce*, 354 F. Supp. at 63 (same).

Thus, even if the cases Purdy cites had held that the non-profit organizations at issue met the 15 U.S.C. § 1127 "use in commerce" standard that is a prerequisite to valid federal registration, Purdy's situation would not fall within their scope. Purdy could only identify three occasions prior to the filing of his registration application on which he claimed to have provided his "testing" services under the mark "BNSF" to three close friends. Purdy could identify no railroad safety information he disseminated under the mark "BNSF" prior to filing his registration application. Purdy's purported use falls far short of that identified in the cases he cites.

Even if the courts below and the courts cited by Purdy were presumed to have addressed the same statutory provision (which they did not), their results are not inconsistent. There is no conflict for this Court to resolve.

CONCLUSION

Purdy seeks to have this Court review language that is, at most, *dictum* in a nonprecedential opinion. The decisions below do not conflict with those of any other

court. Purdy's petition for writ of certiorari should be denied.

Respectfully submitted,

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15 U.S.C. § 1051. Registration of trade-marks

(a) Trade-marks used in commerce

The owner of a trade-mark used in commerce may apply to register his or her trade-mark under this chapter on the principal register established;

(1) By filing in the Patent and Trademark Office –

(A) a written application, in such form as may be prescribed by the Commissioner, verified by the applicant, or by a member of the firm or an officer of the corporation or association applying, specifying applicant's domicile and citizenship, the date of applicant's first use of the mark, the date of applicant's first use of the mark in commerce, the goods in connection with which the mark is used and the mode or manner in which the mark is used in connection with such goods, and including a statement to the effect that the person making the verification believes himself, or the firm, corporation, or association in whose behalf he makes the verification, to be the owner of the mark sought to be registered, that the mark is in use in commerce, and that no other person, firm, corporation, or association, to the best of his knowledge and belief, has the right to use such mark in commerce either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods of such other person, to cause confusion, or to cause mistake, or to deceive: *Provided*, That in the case of every application claiming concurrent use the applicant shall state exceptions to his claim of exclusive use, in which he shall specify, to the extent of his knowledge, any concurrent use by others, the goods

on or in connection with which and the areas in which each concurrent use exists, the periods of each use, and the goods and area for which the applicant desires registration;

(B) a drawing of the mark; and

(C) such number of specimens or facsimiles of the mark as used as may be required by the Commissioner.

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15 U.S.C. § 1053. Service marks registrable

Subject to the provisions relating to the registration of trademarks, so far as they are applicable, service marks shall be registrable, in the same manner and with the same effect as are trade-marks, and when registered they shall be entitled to the protection provided in this chapter in the case of trade-marks. Applications and procedure under this section shall conform as nearly as practicable to those prescribed for the registration of trade-marks.

App. 3

98-11485

IN THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL FIFTH CIRCUIT

BURLINGTON
NORTHERN SANTA FE
CORP.,
A Delaware Corporation;

BURLINGTON
NORTHERN AND SANTA
FE RAILWAY COMPANY,
A Delaware Corporation

Plaintiffs-Appellees,

v.

WILLIAM S. PURDY, ET AL,

Defendants,

WILLIAM S. PURDY, An
Individual,

Defendant-Appellant.

==========

APPEAL FROM DECISION OF THE U.S. DISTRICT COURT FOR THE NORTHERN DISTRICT OF TEXAS, FORT WORTH DIVISION CIVIL ACTION NO. 4-98CV-70A ENTERED ON DECEMBER 7, 1998 FROM JUDGE JOHN MCBRYDE

BRIEF FOR DEFENDANT-APPELLANT

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* * *

STATEMENT OF ISSUE FOR REVIEW

Did the district court err in cancelling Mr. Purdy's service mark registration for "BNSF," where Purdy continuously and deliberately used his mark in commerce from three years prior to his application for service mark registration through the present, and such use was not mere "token use" as ruled on a factual determination by the district court?

* * *

MR. PURDY'S BNSF COMPANY HAS DERIVED ECONOMIC BENEFIT FROM THE INTERSTATE SALES OF SERVICES AND PRODUCTS AS WELL AS FROM CONTRIBUTIONS SUFFICIENT TO CARRY OUT ITS PURPOSES

The primary purpose of his BNSF company is the promotion of railroad safety and has not been to make a large profit. The BNSF income has been sufficient to carry out the objectives of the company. The income has been through sales of services and products and through contributions from interested persons. While his BNSF company has made money it has not made more than four hundred dollars in any one month. Under his disability, Purdy is permitted to make as much as four hundred dollars a month. (A22 ¶17-19; A26 ¶7; A35 ¶25; D72 Ex. 21)

Mr. Purdy does not know the total receipts he has received for the testing and safety services he provided. He knows the amount is substantial, but again not more than $400 in any one month. Purdy received payments in various forms from a wide variety of persons including

Mr. Bifulk, Mr. McAllister, Mr. Minnis, and others. For example, Leroy Minnis of New York paid BNSF $100 in July of 1995 for information provided to him and for the information that BNSF company would collect and provide to him at a later time. In the Summer of 1996, Purdy returned to provide Minnis with the additional information Minnis had requested. Minnis paid Purdy an additional $100 at that time. Purdy returned to New York again in September of 1997 and against collected and provided information to Minnis regarding railroad safety. (A26 ¶7; A35 ¶25)

While some of BNSF company's safety activities were provided to friends of Purdy, the activities were not in any manner intended to be, nor were the activities limited to use only by friends. The safety activities were used by Burlington engineers and others, in interstate commerce, to benefit the general public. BNSF company's safety activities provided safety information to literally thousands of interested persons throughout the United States and Canada, and not just "friends" of Purdy. (A19-A22; A25-A26)

* * *

SUMMARY OF THE ARGUMENT

As demonstrated above, BNSF company used its "BNSF" service mark in commerce on a continuous basis from 1993 to the present. This use was not "token use" as incorrectly ruled on a fact determination by the district court. The facts overwhelmingly demonstrate that BNSF

company continuously provided its railroad safety services throughout the United States both prior to the filing of its service mark application, and through the present.

This use has included advertising of and provision of services in collecting information and monitoring railroad crossings, in providing safety information to railroad employees and others addressing these issues in testing various railroad equipment, and in providing railroad safety information directly to interested members of the public in several states through written and oral communications. These uses qualify as "services" under the Lanham Act as that term has been interpreted by the courts.

Moreover, this use cannot be characterized as "token use" as that term has been interpreted by the courts. While BNSF's use has, in fact, continuously expanded through the short period of time it has been in business, the courts, including courts in this Circuit, has uniformly held that as long as the use is in commerce, and is continuous and deliberate, the quantum of use is not relevant. Nor does a registrant have to be a highly profitable corporate enterprise, or even have a strong profit motive, to qualify for service mark registration.

Remarkably, Burlington admits that BNSF company's web site services qualify as "use in commerce" of the "BNSF" service mark, yet argues that the same activities performed by BNSF company in its "low tech" phase do not qualify for service mark protection. Burlington's contention is contrary to the Lanham Act's service mark statutory provisions, and the uniform case law and other

authorities interpreting the statutory provisions. The district court erred in granting summary judgment to Burlington and cancelling BNSF's service mark registration for its mark, "BNSF".

STANDARD OF REVIEW

Appellate court review of the district court's ruling granting summary judgment is de novo review. *Montgomery v. Brookshine*, 34 F.3d 291, 294 (5th Cir. 1994 (citations omitted).

Pursuant to Federal Rule of Civil Procedure 56, summary judgment shall only be granted where the pleadings, depositions, answers to interrogatories, admissions on file, together with affidavits, show that there is no genuine issue as to any material fact. "[S]ummary judgment will not lie if the dispute about a material fact is 'genuine', that is, if the evidence is such that a reasonable jury could return a verdict for the nonmoving party." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986).

In ruling on the motion, the trial judge, therefore, cannot act as a juror by making credibility determinations by weighing evidence. The court therefore cannot, as occurred here, ignore substantial, uncontradicted and unimpeached affidavit and deposition testimony proving continuous use in commerce by BNSF company of its service mark. As the Supreme Court instructs:

> Credibility determination, the weighing of evidence, and the drawing of legitimate inferences from the facts are jury functions, not those of a judge, whether he is ruling on a motion for summary judgment or for a directed verdict.

> **The evidence of the non-movant is to be believed,** and all justifiable inferences are to be drawn in his favor.

Id. at 255 (emphasis added).

Appellant respectfully submits that Judge McBryde violated all of these rules in granting summary judgment in favor of Burlington. The trial court ignored the factual assertions contained in all of more than a dozen affidavits and other evidence filed by Appellant, which demonstrate conclusively that BNSF company used its service mark in interstate commerce continuously, openly, deliberately and notoriously from a period three years prior to the filing of the service mark registration application through to the present. The trial court must, therefore, have necessarily determined, as a matter of fact, that these witnesses were not credible, weigh the evidence and found it wanting, and refused to draw legitimate inferences in favor of BNSF. This ruling is therefore directly contrary to the trial court's limited role in ruling on summary judgment motions established by the Supreme Court.

* * *

2. BNSF Used Its Service Mark in Commerce; Its Lack of a Strong Profit Motive Does Not Preclude BNSF From Service Mark Protection

"Commerce" means either interstate or foreign commerce. 15 U.S.C. § 1501. Services are performed in "commerce" if they are performed in more than one state. It may even include provision of services in one state,

where the customers travel to other states, or are from other states. McCarthy, § 19:104-106, pp. 19-188 to 19-193 and cases there cited. "For a number of reasons, the Patent and Trademark Office's (PTO's) definition of interstate commerce has considerably broadened over the years." at §19:104, p. 19-188. "Use in commerce" should be read as "use *affecting* commerce." *Id.* at 19:123 (emphasis in original). Because BNSF clearly provided its safety testing and advice services in several states prior to its registration in 1996, BNSF meets these broad requirements. BNSF used its service mark "in commerce."

However, commercial success is *not* required to establish use of the mark "in commerce," under relevant case law authority from this Circuit and other courts throughout the country, in uniform decisions spanning the last 100 years. "As long as there is a genuine use of the mark in commerce, however, ownership may be established even if the first uses are not extensive and do not result in deep market penetration or widespread recognition." *Allard Enterprises*, 146 F.3d at 358. "The test used to determine continuous prior user is not the value of sales or advertising or the degree of familiarity of the public with the mark." *Fieldcrest Mills, Inc. v. Couri*, 220 F.Supp. 929, 931 (S.D. NY 1963); *Drexel Enterprises, Inc. v. Richardson*, 312 F.2d 525, 527 (10th Cir. 1962).

The venerable case of *Adam Hat Stores v. Lefco*, 44 F.Supp. 442 (E.D. Pa. 1942), *aff'd*, 134 F.2d 101 (3d Cir. 1943) is particularly apt. "While it must be conceded from the testimony in the record that no extremely great volume of business was conducted by the defendants with respect to 'Adams Clothes' covering the years 1923 to 1933, nor that extensive advertising campaigns were

employed in connection with the marketing of the product, **this is not a requirement, as it has been held from an early date that in order for equity to protect a trademark, while there must be some use in connection therewith, the quantum thereof need not be large.**" *Id.*, 44 F.Supp. at 445 (citations omitted) (emphasis added); *see also McCarthy*, § 16:6 at p. 16-8.

What the registrant is required to show, as BNSF does here, is that its use of the mark is deliberate and continuous, and not sporadic, casual or transitory. *Bell v. Streetwise Records, Ltd.*, 640 F.Supp. 575, 580 (D.Mass. 1986) (citation omitted). The usage must be consistent with a present plan of commercial use, but "it is not required that a product be an instant success the moment it hits the market." *Id.*

This Circuit similarly does not require that the use of the mark have gained the mark wide public recognition, and additionally, this circuit holds that even a single use in trade may sustain trademark rights if followed by continuous commercial utilization. *Blue Bell, Inc. v. Farah Manufacturing Company, Inc.*, 505 F.2d 1260, 1265 (5th Cir. 1975); *citing, Kathreiner's Malzkaffee Fabriken v. Paster Kniepp Medicine Co.*, 82 F. 321, 326-327 (7th Cir. 1897) (importations, which were "not numerous, indeed," were as much as one would expect during the first years of growth of an infant industry) (other citations omitted).

BNSF's pattern of use of its service mark clearly comports with these standards. BNSF began use of its service mark, "BNSF," in 1993. Its use started as a grass roots campaign, slowly as one would expect in a new company. BNSF's use was, however, continuous over the

years. BNSF now has significant exposure through its web site, which Burlington Northern has admitted is sufficient evidence of use in commerce. This conduct establishes that BNSF used its service mark in commerce, with a clear intent to adopt that mark evidenced by BNSF's continued use of the mark from 1993 to the present.

Moreover, BNSF provided safety testing services to Burlington Northern through its engineers, which services were similar to services provided to Burlington Northern by other safety consulting companies. McCarthy, § 19:103, p. 19-187 ("use" necessary is use in the "ordinary course of trade," and not just "token use"). BNSF's provision of railroad safety services, similar to services provided by other railroad safety services providers, was therefore bona fide use of its service mark in the ordinary course of trade.

* * *

IN THE
UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

No. 98-11485

BURLINGTON NORTHERN SANTA FE CORP.,
A Delaware Corporation;
THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY, A Delaware Corporation,

Plaintiffs – Appellees,

v.

WILLIAM S. PURDY, ET AL.,

Defendants,

WILLIAM S. PURDY, an Individual,

Defendant – Appellant.

Appeal from the United States District Court
for the Northern District of Texas
Fort Worth Division

BRIEF FOR APPELLEES

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* * *

ARGUMENT

A. The district court properly canceled Purdy's "BNSF" registration because he did not demonstrate pre-application "use in commerce" in connection with the services recited in his application.

Appellant's brief presents a host of irrelevant observations about trademark law. The Lanham Act's definition of "services," Purdy's profit motive, and Purdy's size[136] are not relevant to the issue before the Court: whether the trial court properly granted summary judgment on the record before it.

The Railroad does not contend that Purdy's "BNSF" registration was properly canceled because his purported activities did not meet the statutory "services" definition, because he did not have a profit motive, or because his company was small. Rather, the Railroad maintains that Purdy's registration was properly canceled because he did not demonstrate the requisite "use in the ordinary course of trade" before the filing date of his application.

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[136] *See* Purdy Brief at 20-23, 26-30.

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98-11485

IN THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL FIFTH CIRCUIT

BURLINGTON
NORTHERN SANTA FE
CORP.,
A Delaware Corporation;

BURLINGTON
NORTHERN AND
SANTA FE RAILWAY
COMPANY,
A Delaware Corporation

Plaintiffs-Appellees,

v.

WILLIAM S. PURDY, ET AL,

Defendants,

WILLIAM S. PURDY,
An Individual,

Defendant-Appellant.

==========

APPEAL FROM DECISION OF THE U.S. DISTRICT COURT FOR THE NORTHERN DISTRICT OF TEXAS, FORT WORTH DIVISION CIVIL ACTION NO. 4-98CV-70A ENTERED ON DECEMBER 7, 1998 FROM JUDGE JOHN MCBRYDE

REPLY BRIEF FOR DEFENDANT-APPELLANT

---

* * *

Appellees assert that Mr. Purdy cannot have used the mark BNSF because he has been fully disabled since prior to 1993. The facts show that Mr. Purdy is fully disabled under the definition of the National Railroad Retirement Board's policies. These policies state that a person may be fully disabled and still earn up to $400.00 per month. (5R 1010 ¶1, 1016 ¶20, 1041, 1202, 1214) The record shows that Mr. Purdy has, over the years, earned a substantial amount of money from the provision of the services but no more than $400.00 in any one month. (4R 977 ¶7, 4R985 ¶¶ 17-19, 5R 1018 ¶25) Persons with disabilities are not precluded from obtaining trademarks or trademark protection under the trademark law.

* * *

III. BURLINGTON NORTHERN FAILS TO DISPUTE AND THEREFORE CANNOT BE HEARD TO DENY THAT APPELLANT'S ACTIVITIES CONSTITUTE "SERVICES" UNDER THE LANHAM ACT, THAT THE "USE" NECESSARY TO ESTABLISH SERVICE MARK RIGHTS IS FAR BROADER THAN THE USE NECESSARY TO ESTABLISH RIGHTS TO A TRADEMARK, AND THAT APPELLANT'S LACK OF PROFIT MOTIVE AND SMALL SIZE ARE NOT CONTROLLING TO THE ISSUE OF WHETHER APPELLANT CAN MAINTAIN HIS SERVICE MARK RIGHTS

In Appellant's opening brief, at pp. 20-23, and 26-30, Appellant cited to treatise and case law authority that conclusively establish: A) that the Lanham Act's term "services" is to be liberally construed; B) that Appellant's services meet that broad definition; C) that use sufficient

to support service mark registration is far broader than use necessary to support trademark registration; D) that Appellant's lack of a profit motive does not defeat Appellant's service mark rights; and E) that Appellant's small size does not defeat his service mark registration rights. In its brief, Burlington Northern simply states that these issues are "not relevant," without any attempt to contradict Appellant's positions. Burlington Northern's Brief at 32. Appellant's positions on these issues, which are of course highly relevant to Appellant's argument here that he is entitled to maintain his service mark registration rights, are therefore conclusively established.

* * *

Finally, Burlington Northern contends that *In re Ames*, 160 U.S.P.Q. 214 (TTAB 1968), and *Allard Enterprises*, 146 F.3d at 350, do not stand for the proposition that advertising *alone* can support a valid registration. Burlington Northern's Brief at 35. Burlington Northern misconstrues Appellant's citations to these cases. (Opening Brief at p. 25) In *Ames*, the court held that advertising of services available to the pubic suffices to establish use sufficient to support a service mark registration. *Id.* at 214-215. In *Allard Enterprises*, the Sixth Circuit held, in a case where the party had not made a single sale of its services and therefore had never performed its services in commerce, that prior adoption of a service mark through advertising of services available to the public was sufficient to defeat the federal registration rights of plaintiff. *Id.* at 358-360. Similarly here, Appellant's sales brochures

and business cards advertised services that were available to the public, and under these authorities constitute sufficient use to maintain its service mark registration.

* * *

VI. APPELLANT'S SERVICES WERE NOT PROVIDED SOLELY TO FRIENDS

Another argument raised by Burlington Northern is that Appellant is not entitled to registration because services were rendered entirely to friends. (Burlington Northern's Brief at p. 39, and fn 163) As demonstrated in Section II(C), this contention is also contrary to the facts, and Burlington Northern's case citations are therefore inapposite.

Moreover, in *Allard Enterprises*, the Sixth Circuit approved a marketing program apparently limited solely to "friends" of the party seeking a priority of use determination. As long as the uses were sufficiently public and were continuous and consistent, as Appellant's were in this case, a "word of mouth" marketing plan that targeted "personal friends" is "not so atypical that no reasonable person" could view it as "commercial." *Id.* at 359.

* * *

(3)

No. 99-1681

Supreme Court, U.S.
FILED
MAY 31 2000
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In The

Supreme Court of the United States

WILLIAM S. PURDY,

Petitioner,

v.

BURLINGTON NORTHERN SANTA FE CORP., A Delaware Corporation, and BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY, A Delaware Corporation,

Respondents.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Fifth Circuit

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ARGUMENT

RESPONDENTS' ASSERTIONS FAIL TO REBUT PETITIONER'S SHOWING THAT THE FIFTH CIRCUIT'S INTERPRETATION OF THE AMENDMENTS TO 15 USC § 1127 DIRECTLY CONFLICTS WITH THE SECOND CIRCUIT'S INTERPRETATION OF THE CURRENT VERSION OF THAT SAME PROVISION, AN IMPORTANT ISSUE AFFECTING COUNTLESS SERVICE MARK REGISTRATIONS

Under the Second Circuit's construction of the current version of 15 U.S.C. § 1127 in *United We Stand America, Inc. v. United We Stand, America New York, Inc.*, 128 F.3d 86, 92-93 (2d Cir. 1997), *cert. denied*, 523 U.S. 1076 (1998), the level of commercial activity undertaken by a service mark registrant is irrelevant. Under this case, the only issue a court examining a challenge to the registration, like Respondent's challenge of Petitioner's registration here, is whether the services set forth in the registration have actually been performed in interstate commerce. The Fifth Circuit, in the ruling at issue here, on the contrary interprets the 1988 amendments to § 1127 to impose a commercial activity requirement on service mark registrants.

A writ should issue to resolve this important issue of federal statutory construction and to resolve this conflict in decision, which threatens the construction of § 1127 not only in *United We Stand* but in the numerous cases cited at pages 6-8 of the Petition which hold by implication that § 1127 does not prohibit Lanham Act protection or service mark registrations to non-profit, non-commercial and public service advocacy entities. Petitioner

respectfully submits that Respondents' contentions in their Opposition to the Petition fail to rebut these points.

A. Respondents Fail To Challenge The Appellate Court's Findings That Petitioner Used the BNSF Service Mark in Commerce Consistent With the Services Identified In His Service Mark Registration.

The Fifth Circuit found that "It is uncontested that Purdy has used the designation 'BNSF' to promote the cause of enhancing railroad safety and that he has used business cards, flyers, markings on his car, and other devices emblazoned with 'BNSF' for publicity purposes." App. 3. The Fifth Circuit also found that "For several years, Purdy has conducted information-gathering and -dissemination regarding railroad safety matters, . . . Purdy's profession has been that of advocacy, apparently on behalf of a worthy cause. While we do not belittle Purdy's activities, they do not demonstrate use of a service mark **in furtherance of a business intended to provide services for reimbursement**." App. 3 (emphasis added).[1]

Moreover, Petitioner does *not* contend that his company is a "non-profit" corporation, as Respondents contend throughout their brief in this Court. Petitioner has consistently contended that he performs his services for

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[1] Respondents' attempt to distinguish cases cited by Petitioner, by contending that Petitioner's "use" of the mark was not as "extensive" as the use set forth in those cases, must fail. Resp. Brief at 15-17. The Court of Appeals found expressly to the contrary. App. at 3.

little or no profit motive to benefit the general public. *See* Petition at 4; Resp. App. at 4-5, 8-11 (Petitioner's Brief on Appeal). As Petitioner contended in the court below, "(Petitioner's) safety activities were used by Burlington engineers and others, in interstate commerce, to benefit the general public. BNSF company's safety activities provided safety information to literally thousands of interested persons throughout the United States and Canada, and not just 'friends' of Purdy. (A19-A22; A25-A26)" (Resp. App. at 5).

The appellate court's findings are consistent with the services identified by Petitioner in his service mark registration. *See* Petition at 3. Respondents have failed to demonstrate otherwise.

B. The Fifth Circuit's Ruling Directly Conflicts With Decisions Of Other Circuits On An Important Issue Of Federal Statutory Construction.

The Fifth Circuit holds, in a ruling which cannot be construed as *dictum* as contended by Respondents (Resp. Brief at 11), that Petitioner's profession of advocacy services is not sufficient to support service mark registration solely because he did not sell those services for reimbursement. App. 3-4. The Fifth Circuit's ruling is therefore directly contrary to the Second Circuit's ruling in *United We Stand*, 128 F.3d at 92-93, and the other cases cited by Petitioner. Petition at 6-8.[2]

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[2] Petitioner also strenuously disputes Respondents' claim that the issues raised in this Petition were not raised in the Court of Appeals below. Resp. Brief at 7. First, in the excerpts of

The Second Circuit observed:

> The Lanham Act, enacted in 1946, prohibited unauthorized "use" of a trademark "in commerce." Lanham Act, July 5, 1946, ch. 540, § 32, *reprinted in* 1946 U.S.C.C.A.N. 412, 421. **The current version of 15 U.S.C. § 1127 provides,** in language unchanged since 1946, that "[t]he intent of this chapter is to regulate commerce within the control of Congress. . . . " It also asserts that " 'commerce' means all commerce which may lawfully be regulated by Congress." . . . It appears that "use in commerce" denotes Congress's authority under the Commerce Clause rather than an intent to limit the Act's application to profit-making activity.

Id. at 92-93 (italics in original; bold emphasis added). Bold emphasis is added to highlight Respondents' most bizarre claim in their brief. At pages 12 and 13 of their brief, Respondents claim that Petitioner manufactured citations in *United We Stand* to § 1127. *See, e.g.*, Respondent's Brief at 13 ("In *United We Stand*, **there is**

Petitioner's Brief in the court below set forth in Respondents' own appendix, it is clear that Petitioner has consistently argued that "in commerce" as used in § 1127 means only use "affecting commerce," and contains no commercial success requirement, the same points argued in this Petition. *See* Resp. App. at 8-9 (Petitioner cites McCarthy treatise for this exact point). Second, as Petitioner advised this Court in its Petition, Petitioner also raised these identical points in its Petition for Rehearing to the Fifth Circuit challenging the Fifth Circuit's ruling. Petition at 4-5; Reply Appendix at 1-9 (excerpts from Petition for Rehearing to Fifth Circuit and supplemental letter brief in support of rehearing petition filed by Petitioner).

absolutely no reference to 15 U.S.C. § 1127, the provision that Purdy claims the courts below improperly construed.") (emphasis added). Respondents' contention that *United We Stand* is inapposite to this case because it involved only § 1114(1)(a) is therefore entirely incorrect.[3]

There is simply no commercial activity requirement in either the legislative history or text of § 1127. *United We Stand*, 128 F.3d at 92-93. Therefore, the commercial activity level of the registrant is irrelevant. Entities with no commercial activity, entities solely commercial, or entities with limited commercial purposes, like Petitioner, are all equally entitled to service mark registrations if they perform the services in interstate commerce. *Id.*

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[3] Section 1127 is captioned, "Construction and definitions; intent of chapter," and is expressly applicable to the construction of all sections of the Lanham Act, "unless the contrary is plainly apparent from the context," (*see* Petition App. at 13). Section 1141(1)(a) bars unauthorized use of a mark "in commerce" without any qualification on the term, "in commerce." Section 1127 is therefore relevant and applicable in *United We Stand* even if the court had not expressly relied on it.

Additionally, whether the courts in the many cases cited in the Petition at 6-8 do not expressly construe § 1127 is irrelevant, contrary to Respondents' contention. Resp. Brief at 14-15. These cases by implication clearly stand for the proposition that Lanham Act protection can be extended to entities that do not have a solely commercial purpose, the proposition for which Petitioner cited them in the first place. Moreover, Lanham Act protection can extend even to entities that have not registered their marks, contrary to Respondents' implication. Resp. Brief at 14 n.5. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 767-768 (1992). Section 1127 therefore may be applicable to non-registered marks owned by non-commercial entities.

Accordingly, the Fifth Circuit's construction of § 1127 is directly in conflict with the Second Circuit's construction of § 1127 in *United We Stand*, and the Fifth Circuit's reasoning directly conflicts with the numerous other cases cited in the Petition which hold that non-profit, non-commercial or public advocacy entities are entitled to Lanham Act protection or service mark registration. Because the Fifth Circuit's ruling threatens the service mark registrations of all but those entities with solely commercial activity, a writ should issue to resolve the conflict on this important issue of federal statutory law, namely, the interpretation of the 1988 amendments to the Lanham Act.

CONCLUSION

For all the reasons set forth in Petitioner's briefs, certiorari should be granted.

Respectfully submitted,

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98-11485

IN THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL FIFTH CIRCUIT

BURLINGTON
NORTHERN SANTA FE
CORP., A Delaware
Corporation;

BURLINGTON
NORTHERN AND SANTA
FE RAILWAY COMPANY,
A Delaware Corporation

Plaintiffs-Appellees,

v.

WILLIAM S. PURDY, ET AL,

Defendants,

WILLIAM S. PURDY,
An Individual,

Defendant-Appellant.

APPEAL FROM DECISION OF THE U.S. DISTRICT COURT FOR THE NORTHERN DISTRICT OF TEXAS, FORT WORTH DIVISION CIVIL ACTION NO. 4-98CV-70A ENTERED ON DECEMBER 7, 1998 FROM JUDGE JOHN MCBRYDE

PETITION FOR REHEARING FOR DEFENDANT APPELLANT

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ISSUE

When determining the existence of "use in commerce" of a service mark for purposes of federal registration, is it error of law to consider only services for which payment has been made or must all services be considered.

STATEMENT OF FACTS

The court found that it accepted all of Mr. Purdy's factual allegations as true. These allegations included the following:

1. Purdy distributed the railroad safety information contained in flyers by placement on over 500 poster boards in restaurants, bars and the like throughout Wisconsin, North Dakota, Minnesota, Illinois, Indiana, New York, Iowa, South North Dakota, Minnesota, Illinois, Indiana, New York, Iowa, South Dakota, Nebraska, Colorado, New Mexico, Texas, Ohio, Pennsylvania, Massachusetts, Oklahoma, Michigan, Vermont, New Jersey, and Virginia.

2. Oral distribution of safety information in the following states Wisconsin, North Dakota, Minnesota, Illinois, Indiana, New York, Iowa, South Dakota, Nebraska, Colorado, New Mexico, Texas, Ohio, Pennsylvania, Massachusetts, Oklahoma, Michigan, Vermont, New Jersey, and Virginia.

3. Placement of Calcium Chloride on the run ways of railroad engines that traveled through many states in the midwest.

The court also found that "It is uncontested that Purdy has used the designation "BNSF" to promote the cause of enhancing railroad safety and that he has used business cards, flyers, markings on his car, and other devices emblazoned with the "BNSF" for publicity and advertising purposes."

The court reaffirmed the district court on the basis that:

> The record identifies only a handful of instances in which Purdy was paid anything of his services, and all of these incidents involved work performed for long-time friends. Nominal or token sales to personal friends do not constitute a bona fide commercial use of a trademark.

The court found that " . . . Purdy's profession has been that of advocacy, apparently on behalf of a worthy cause." The court in determining whether there were services provided in interstate commerce considered only the services that were paid for and did not consider services Purdy provided without charge.

ARGUMENT

Appellant, William Purdy, petitions for rehearing under Rule 40 FRAP on the basis of error of law applied in the decision. Trademark law does not require that services be sold. The giving away of services across state lines constitutes interstate commerce. The court's finding that Purdy's profession has been that of advocacy, apparently on behalf of a worthy cause is everything that needs to be found for sustaining a valid federal registration of Mr. Purdy's mark. There is no need for a sale. The Federal Circuit Court of Appeals has stated: "For some owners of marks, such as the American Red Cross with its well-known mark, there are no purchasers." *Electronic Design & Sales Inc. v. Electronic Data Systems Corp.* 21 USPQ2d 1388 (CA FC 1992).

* * *

The focus must be on whether Mr. Purdy carried out the services listed in his federal trademark registration,

namely did he gather and distribute information relating to safety on the railroads across state lines. J. McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 19:37E. (2nd ed. 1989), states that interstate commerce may be either -the sale across state lines- *or* -delivery across state lines-. The court in fact has found that Mr. Purdy for several years has gathered and distributed the railroad safety information. These are the services identified in his federal trademark registration.

Considering trademarks in general, service marks run a complete spectrum of "free" vs. "charged" for services. . . . No funds need be involved to carry out the services claimed in the registration owned by Mr. Purdy. Commerce is not the exchange of money for services. The provision of services in an interstate transaction is interstate commerce. The placement of railroad safety information on bill boards (e.g., flyers posted on bulletin boards) in Wisconsin, North Dakota, Minnesota, Illinois, Indiana, New York, Iowa, South Dakota, Nebraska, Colorado, New Mexico, Texas, Ohio, Pennsylvania, Massachusetts, Oklahoma, Michigan, Vermont, New Jersey, Virginia, Ontario and Quebec in Canada, and Coahuila in Mexico is interstate commerce.

The courts have recognized that trademark registrations are not limited to organizations that sell products and/or services. In fact many owners of trademark registrations are primarily supported by donations of money and services *GUIDING EYES FOR THE BLIND, INC. v. GUIDE DOG FOUNDATION FOR THE BLIND, INC.*, 155 USPQ 462 (CCPA 1967); *HERO INC. V. THE BOOMER ESIASON HERO'S FOUNDATION INC.*, 43 USPQ2d 1193 (DC DC 1997); *BLINDED VETERANS ASSOCIATION V.*

BLINDED AMERICAN VETERANS' FOUNDATION, 7 USPQ2d 1731 (DC DC 1988).

This Court in fact has found that Mr. Purdy for several years has gathered and distributed the safety information under the designation of the mark "BNSF". The exact services identified in Purdy's U.S. Trademark Registration are: "testing of railroad equipment for others; collecting and providing information concerning railroad safety problems to the public, to governmental agencies and injured railroad employees". Quoting from the Court's decision, "For several years, Purdy has conducted information-gathering and -dissemination regarding railroad safety matters, but the record is bereft of evidence that he was engaged in trade or commerce using the "BNSF" mark. Instead, Purdy's profession has been that of advocacy, apparently on behalf of a worthy cause. While we do not belittle Purdy's activities, they do not demonstrate use of the service mark in furtherance of a business intended to provide for reimbursement." The Court commits serious err and writes new law when it states that Purdy must provide "services for reimbursement." and cannot provide public service. If the Court's new law were to be applied, most if not all public service, promotional, and educational service marks would have to be canceled. Under proper application of the law regarding service marks, Purdy is entitled to register his mark just as the numerous other individuals, groups of individuals, organizations, and non-profit organizations that provide educational, promotional, and public service information to individuals or the public are entitled to registration even though they have absolutely *no* sales of services for reimbursement.

* * *

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December 29, 1999

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RE: 98-11485 Burlington Northern Santa Fe Corporation et al. v. William S. Purdy USDC No. 4:98-CV-70-A

Sirs:

Subsequent to filing of the Petition for Rehearing Appellant discovered three cases that are of particular relevance in the court's consideration of the Motion for Rehearing. Appellant is submitting this information under Rules FRAP 28(j) and 28.5 FRAP 5th Cir. which permits a letter with succinct comment citing new cases for the court's consideration. It is requested that the court consider the following:

Marks for advocacy services qualify for protection under the trademark statute, e.g., Title 15. *United We Stand America Inc. v. United We Stand, America New York Inc.* 44 USPQ2d 1351, 1355 (2nd Cir 1997); *Committee for Idaho's High Desert Inc. V. Yost,* 39 USPQ2d 1705 (9th Cir

1996); *The Appleseed Foundation Inc. V. Appleseed Institute Inc.* 43 USPQ2d 1767 (DC DC 1997). The Ninth Circuit in *Committee for Idaho's High Desert Inc., Supra at p. 1705.*, characterized the services as "environmental education and advocacy."

The Second Circuit in *United We Stand America Inc. v. United We Stand, America New York Inc.* 44 USPQ2d 1351, 1355 (2nd Cir 1997) cited the *Committee for Idaho's* case and stated:

> The term "services" has been interpreted broadly. . . . [T]he right to enjoin infringement of a trade or service mark "is as available to public service organizations as to merchants and manufactures. (citations omitted) In support of this view, McCarthy comments that retention of a distinct identity [by a non profit organization that sells no goods] is just as important as it is to a commercial company." 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* Section 9:5 (4th ed. 1996) . . . . Similarly in Committee For Idaho's High Desert v. Yost, the court held that a non-profit organization engaged in dissemination of information about environmental causes via news releases, newsletters, and public advocacy was entitled to Lanham Act protection for its trade name even if it did not "place products into the stream of commerce." 881 F. Supp. 1457, 1470-71 (D Idaho

1995), Aff'd, 92 F.3d 814 [31 USPQ2d 1786] (9th Cir. 1996)

Respectfully Submitted,

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